GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1922
ANSWERED ON:29.11.2002
OFFLOADING OF SHARES
GADDE RAMAMOHAN;SADASHIVRAO DADOBA MANDLIK

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the attention of the Government has been drawn to the news item captioned `Coca-Cola to offload 49 p.c.` as reported in The Hindu dated August 17, 2002;

(b) if so, whether Coca Cola has complied with the Government orders given earlier in this regard;

(c) if not, the reasons therefor;

(d) the present status of the company in this regard; and

(e) the action taken by the Government against the company for not following the Government rules and orders?

Answer

Minister of State in the Ministry of Finance & Company Affairs(Shri Anandrao V. Adsul)
(a): Yes, Sir.
(b)&(c): Hindustan Coca Cola Holdings Pvt. Ltd. (HCCH) has been granted approval on 17-7-97 for setting up two wholly held Indiar subsidiaries for production and distribution of non-alcoholic beverages. The above approval was subject to the condition that Indian participation up to 49% in the equity of the proposed subsidiary companies would be ensured within a period of five years. Representations for deletion of the divestment condition were considered by the Government on a number of occasions and rejected. The company, vide their representation dated 12-6-2002 sought extension of time for meeting the divestment clause pending reconsideration of their request for waiver of the divestment condition. In response thereto, HCCH were granted one month extension up to 16-8-2002 for completion of the divestment process. Subsequently, based on the intimation furnished by the company regarding steps taken and proposed to be taken within a definite time schedule to fulfil the process of divestment, the Government extended the date for completion of the divestment process up to 28-2-2003.

(d): HCCH has intimated that it has completed the process of placement of 10% equity shares with Employees` Welfare Trust and Employees` Stock Option Trust on 17-10-2002. The company is required to divest the remaining 39% equity shares in favour of resident Indian citizens or entities by 28-2-2003.
(e): Does not arise.